

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 XMB-02 L-02 OES-03 FEA-01

INT-05 /063 W

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R 151713Z APR 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8682

INNO ALL EC CAPITALS 555

LIMITED OFFICIAL USE EC BRUSSELS 3337

E.O. 11652: N/A

TAGS: EIND, EEC

SUBJECT: EC INDUSTRIAL G

M NEW IDEAS IN GESTATION

REF: A. EC BRUSSELS 777 B. EC BRUSSELS 789

1. SUMMARY: OFFICIALS IN THE EC COMMISSION ARE WORKING ON A NEW SET OF IDEAS SUCH AS AN EC INDUSTRIAL PLANNING INSTITUTE, AN EC EXPORT CREDIT BANK, AND AN EC-OIL PRODUCING COUNTRY PLANNING INSTITUTE AND DEVELOPMENT BANK. SOME OF THESE "IDEAS", IN AN ELABORATED FORM, SHOULD BECOME AVAILABLE WITHIN THE NEXT SEVERAL WEEKS WHEN A REPORT, BEING PREPARED BY A WORKING GROUP UNDER EC COMMISSIONER SPINELLI, IS COMPLETED AND SENT TO THE FULL COMMISSION. END SUMMARY.

2.DURING A MEETING ON FEB. 9, JOSE NICOLAI, THE ADVISER TO JOSEPHUS LOEFF, THE ACTING EC COMMISSION DIRECTOR GENERAL FOR INDUSTRIAL AND TECHNOLOGICAL AFFAIRS, PUT IN FOCUS SOME OF THE NEW IDEAS THAT ARE IN GESTATION IN HIS DIRECTORATE GENERAL. THE IDEAS MOST ADVANCED AT
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THIS TIME ARE THE ESTABLISHMENT OF AN EC PLANNING

INSTITUTE AND AN EC EX-IM BANK.

3. OVERALL PLANNING INSTITUTE -- NICOLAI SAID THAT THERE IS GENERAL AGREEMENT WITHIN THE COMMISSION THAT THE COMMISSION CANNOT PLAY AN EFFECTIVE ROLE IN INDUSTRIAL POLICY UNTIL IT CAN DEVELOP A LONGER RANGE VIEW ON INDUSTRIAL PROBLEMS. ALTHOUGH THE EC REGIONAL FUND, THE EC SOCIAL FUND AND THE EUROPEAN INVESTMENT BANK COULD ULTIMATELY BE SUPPORTIVE OF CLEARLY-ESTABLISHED INDUSTRIAL POLICIES, AT PRESENT, FINANCIAL RESOURCES WHICH PASS THROUGH THESE FUNDS ARE DISTRIBUTED IN A PIECEMEAL, POLICY-LESS FASHION. IF THERE WERE A COMMUNITY PLANNING INSTITUTE WHICH COULD BE REMOVED FROM POLITICAL PRESSURES AND DEVOTED TO SECTORAL RESEARCH AND PLANNING IT COULD PROVIDE THE CREDIBILITY THE COMMISSION NEEDS TO DIRECT AVAILABLE RESOURCES AND COORDINATE THE VARIOUS FUNDS IN A CONSISTENT POLICY FRAMEWORK. THIS PROJECT IS EXPECTED TO BE DISCUSSED BY THE COMMISSIONERS IN MAY AND A PROPOSAL MAY BE READY FOR THE EC COUNCIL IN JULY.

4. EC EX-IM BANK -- BECAUSE OF THE VARYING EXPORT CREDIT SYSTEMS IN THE MEMBER STATES AND THE LIMITED CAPACITY OR NON-EXISTENCE OF THE EXPORT CREDIT INSTITUTIONS OF THE SMALLER MEMBER STATES, COMMISSION OFFICIALS BELIEVE EUROPEAN INDUSTRY IS LOSING OUT ON MAJOR SALES AND INVESTMENT PROJECTS. THE DIRECTORATE GENERAL FOR INDUSTRY BELIEVES THAT AS EUROPE MUST RELY MORE HEAVILY NOW THAN IN THE PAST ON MAJOR PLANT CONSTRUCTION AND INDUSTRIAL DEVELOPMENT CONTRACTS IN THE DEVELOPING AND OIL-PRODUCING COUNTRIES TO MAINTAIN ITS FOREIGN EARNINGS, IT IS IMPERATIVE THAT THE COMMUNITY HAVE AN EXPORT CREDIT INSTITUTION WHICH OFFERS AS COMPLETE A CREDIT PACKAGE AS THE US EX-IM BANK. WITHOUT SUCH AN INSTITUTION, THESE OFFICIALS BELIEVE EUROPEAN INDUSTRY WILL OPERATE UNDER A SERIOUS COMPETITIVE HANDICAP. ACCORDING TO NICOLAI, THE SMALLER MEMBER STATES AND ITALY HAVE SHOWN INTEREST IN THE IDEA AND FRANCE IS OPEN TO THE POSSIBILITY. GERMANY AND THE UK ARE SATISFIED WITH THEIR NATIONAL LIMITED OFFICIAL USE

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SYSTEMS. NICOLAI FELT THAT THERE WILL BE FAR MORE SUPPORT FOR THE IDEA NOW THAN THERE HAD BEEN WHEN IT WAS FIRST FLOATED PRIOR TO THE OIL CRISIS AND FOURFOLD RISE IN OIL PRICES, BUT HE ADMITTED THAT EVEN PARTS OF THE COMMISSION WERE NOT ENTHUSIASTIC. A REPORT ON A PROPOSAL ON EC EX-IM BANK MAY BE READY FOR THE FULL COMMISSION IN JULY. COMMENT: COMMISSION OFFICIALS IN OTHER DIRECTORATES CONFIRM THAT AN INITIAL REPORT ON

THIS PROPOSAL WILL BE PREPARED BY ABOUT JULY BUT THIS WILL BE AN OPTION PAPER TO OBTAIN AN INDICATION OF THE COMMISSION'S GENERAL AREAS OF INTEREST. THESE OFFICIALS EXPECT AT LEAST THREE YEARS WILL BE NEEDED BEFORE THE COUNCIL WILL BE PREPARED TO CONSIDER A SPECIFIC PROPOSAL. ONE SENIOR OFFICIAL THOUGHT A DETAILED, INDEPENDENT FEASIBILITY STUDY WAS NEEDED BEFORE THE COMMISSION DREW UP ITS REPORT. END COMMENT.

5. NICOLAI SAID THAT OTHER IDEAS WILL BE SURFACING WHEN A REPORT BEING PREPARED ON INDUSTRIAL TRANSFORMATION BY A TASK FORCE WORKING UNDER COMMISSIONER SPINELLI IS PRESENTED TO THE FULL COMMISSION. THESE IDEAS, WHICH ARE PART OF A WORK PROGRAM INAUGURATED BY COMMISSION PRESIDENT ORTOLI IN JANUARY (SEE REFTEL), ARE:

A) A EUROPEAN ENTERPRISE BOARD WHICH COULD ACQUIRE FINANCIAL PARTICIPATION IN EUROPEAN INDUSTRY.

B) A JOINT EC-OIL PRODUCING INSTITUTE WHICH WOULD
1) DISCUSS FUTURE INVESTMENTS PLANS OF OIL-PRODUCING COUNTRIES SO THAT OVERCAPACITY IN CERTAIN INDUSTRIAL SECTORS WILL BE AVOIDED, 2) PROGRAM OIL-PRODUCING COUNTRY INVESTMENTS IN THEIR OWN COUNTRIES, AND 3) PROGRAM OIL-PRODUCER INVESTMENTS IN DEVELOPING COUNTRIES.

C) A EUROPOIL-PRODUCING COUNTRY BANK WHICH COULD RECYCLE OIL-PRODUCER REVENUES TO INVESTMENTS IN LDCS USING EUROPEAN TECHNOLOGY.

6. COMMENT: NICOLAI ADMITTED THAT THE IDEAS BEING ADVANCED ARE RATHER VAGUE AND HE WAS SKEPTICAL OF LIMITED OFFICIAL USE

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CHANCES FOR THEIR ACCEPTANCE. THE SPINELLI REPORT, WHEN IT DOES BECOME AVAILABLE, WILL, HOWEVER, FOCUS DEBATE ON THE NEW IDEAS AND THEIR FUTURE OR LACK OF ONE WILL BECOME CLEARER. END COMMENT. MYERSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRY, POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU03337
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750131-1023
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750449/aaaabtmr.tel
Line Count: 158
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 777, 75 EC BRUSSELS 789
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by BoyleJA>; APPROVED <21 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC INDUSTRIAL G M NEW IDEAS IN GESTATION
TAGS: EIND, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006